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# PREDICTING TURNOVER INTENTIONS OF HOTEL EMPLOYEES: The Influence of Employee Development Human Resource Management Practices and Trust in Organization

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*This study investigates the variables that may be predictive of hotel employees' turnover intentions. The influence of trust in organization as a mediator in the proposed relationship is also examined. A total of 380 operational employees from 5-star rated hotels completed the questionnaires. Hierarchical regression analysis was used to test the relationships hypothesized in the model. Most of the hypotheses were supported. It is suggested that to enhance employees' trust in organization and subsequently to reduce turnover intentions, hotels need to continue to provide training and development programs to their employees, conduct fair and formal appraisal system, and provide ample and clear career advancement to their employees. Limitations and suggestions for future studies are forwarded.*

**Keywords:** performance appraisal; training and development; career advancement; trust; turnover intentions

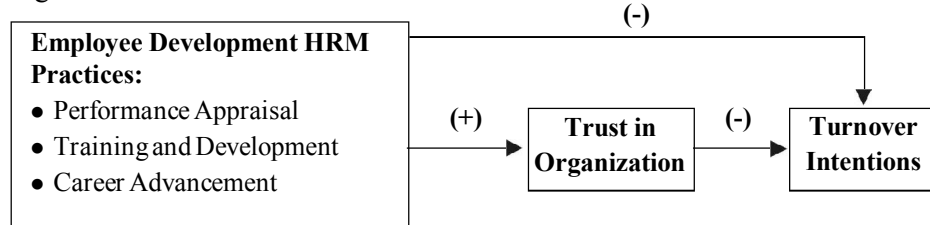
## Introduction

“What determines employee turnover?” The answer to this question has great relevance to the individual who may be thinking about quitting a job, and for the manager who is faced with lack of employee continuity, the high cost involved in the induction and training of new staff, and declining organizational productivity. Within hospitality industry, workforce turnover has been one of the most pressing issues for many years. Studies consistently show that hotels all over the world experienced high turnover rates (Woods 1997). Globally, the turnover rate in the hotel industry is estimated to range from 60 percent to 300 percent annually, far higher than the 34.7 percent reported in the manufacturing industry (Foley 1996). Excessive employee turnover rate is detrimental to organizations. It is related to direct and indirect costs; it affects morale, productivity, reputation, and survival of the organizations (Hinkin and Tracey 2000). In fact, both researchers and practitioners devote a considerable amount of time and resources in their attempt to better understand and find solutions to this problem of employee turnover.

The prediction and understanding of employee turnover intentions has been studied from many different perspectives (Hom and Griffeth 1995; Mobley 1982; Price and Mueller 1981 1986). A majority of these studies have focused solely on the direct antecedents and examined their roles in the context of process models of turnover.

In addition, previous turnover intentions studies have focused exclusively on job-related variables (e.g. role conflict, role ambiguity, role overload, work conditions, job tasks, and autonomy) and demographic variables (e.g. gender, age, tenure, and education) as determinants affecting employee attitudes and/or turnover intentions (Kim 1999; Lum et al. 1998; Parnell and Crandall 2003). Individual's beliefs about organizational-related variables, particularly human resource management (HRM) practices, however, has been overlooked and omitted as determinants in turnover intention studies (Arthur 1994; Mor Barak et al. 2001; Price and Mueller 1981; 1986). Moreover, from previous studies (Agarwala 2003; Dirks and Ferrin 2002; Konovsky and Pugh 1994; Whitener 2001), empirical evidence on the mediating role of trust in organization on the relationship between HRM practices and turnover intentions is still not forthcoming. Dirks and Ferrin's (2002) examination on the impact of HRM practices on organizational commitment concluded that the evidence on the link between organizational commitment and HRM practices to be, at best, inconclusive. Whitener (2001) argues that no studies have explored the role of trust in organization on the relationship between HRM practices and turnover intentions. Therefore, this study extends the knowledge on employees' turnover intentions by examining the effects of cognitive attitude (trust in organization) on turnover intentions.

Figure 1. Theoretical Framework



Researchers have not systematically investigate the linkages that link employees' perceptions of HRM practices, attitudes towards organization (trust in organization) and behavioral intentions (turnover intentions). In a social exchange relationship (Blau 1964) where the norm of reciprocity (Gouldner 1960) is central, the presence of HRM practices signaling concern towards employees development may induce employees to reciprocate by increasing their display of trust in organization and willingness to stay in the organization. Although several studies involving hotel employees in Malaysia have been recorded (for instance, Hemdi 1996; Hemdi et al. 2003; Nasurdin 2001; Nasurdin and Ahmad 2001; Nasurdin et al. 2001; Nasurdin and Ramayah 2003; Songan et al. 2003), the focus of these studies were wide-ranging involving variables like motivational preferences, commitment, and citizenship behavior. Turnover intention was not examined as the criterion variable. Therefore, the two objectives of this study are: (1) to investigate the influence of employee development HRM practices on trust in organization and turnover intentions, and (2) to examine whether trust

in organization serves to mediate the relationship between perceptions of HRM practices and turnover intentions. To achieve the objectives of this study, a theoretical framework was developed as illustrated in Figure 1.

In essence, the proposed theoretical framework postulates that employees' perceptions of HRM practices will directly and negatively influence their turnover intentions (Becker and Gerhert 1996; Lam et al. 2002). Further, the framework also postulates that employees' perceptions of organization's HRM practices will directly and positively influence their trust in organization. This is in line with previous researchers (Dirks and Ferrin 2001; Mayer and Davis 1999) who reported that positive perceptions of HRM practices will lead to increased trust in the organization. Subsequently, since Fishbein and Ajzen's (1975) Theory of Reasoned Action have demonstrated that attitude is consistently related to behavioral intention, this study further proposes that trust in organization is directly and negatively related with turnover intentions. Further, the framework also postulates that trust in organization mediate the relationship between perceptions of HRM practices

and turnover intentions. This is in light of other researchers (Fishbein 1967; Newman 1974; Mathieu and Zajac 1990) who assert that employees' attitudes mediate the relationship between beliefs/perceptions and behavioral intentions.

## **Theoretical Framework and Hypotheses**

### ***The Effect of HRM Practices on Turnover Intentions***

Mobley (1982) defined turnover as the cessation of membership in an organization by an individual who received monetary compensation from the organization. However, a distinction must be made between turnover intention and turnover itself. Turnover intention refers to an individual's perceived probability of staying or leaving an employing organization (Cotton and Tuttle 1986), while actual turnover is the movement of organizational members across the boundary of an organization (Price 2001).

Although, it is recognized that people leave their jobs for a variety of reasons, there is consistent research evidence indicating that voluntary turnover can be explained by employees' intention to leave the organization. In the investigations of turnover, actual voluntary turnover measures are extremely difficult to obtain. Therefore, intentions to turnover are used in majority of turnover studies, as these intentions are the only antecedent that has been consistently found to be a

direct antecedent to actual turnover (Griffeth et al. 2000; Hom and Griffeth 1995). In fact, studies on turnover have shown that turnover intention is the best immediate predictor of voluntary turnover (Griffeth et al. 2000; Lambert et al. 2001; Price 2001). A meta-analysis undertaken by Steel and Ovalle (1984) confirmed that intentions were more predictive of turnover than attitudes such as job satisfaction or organizational commitment. The turnover intention–turnover relationship is supported by the attitude-behavior theory (Fishbein and Ajzen 1975), which holds that one's intention to perform a specific behavior is the immediate determinant of that behavior. Thus, like previous works (for instance, Bluedorn 1982; Mowday et al. 1982; Steel and Ovalle 1984), the current study focuses on employees' intentions to leave the organization.

Delery and Doty (1996) conceptualized HRM practices as a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contributes to the achievement of its business objectives. From the employees' point of view, HRM practices are considered as the organization's efforts in supporting their well-being and enhancing their career development. Although there has been a lack of consensus regarding a universal set of HRM practices, in many cases, certain practices such as realistic job preview, orientation program, compensation systems, job security, performance appraisals, training and development, and

career advancement, were more frequently identified as HRM practices (Allen et al. 2003; Delery and Doty 1996; Huselid 1995). Jackson and Schuler (2003) identified performance appraisal, training and development, and career advancement as HRM practices used by the organization to develop employees' job and career development at the workplace. Given that the hotel jobs have been described as having low skill, low pay, limited chances of training and career opportunities, long and unsocial working hours, and low job status (Woods 1997), examining the influence of performance appraisal, training and development, and career advancement on the organizationally-related attitude and behavioral intentions is considered timely.

Performance appraisal refers to the evaluation of subordinates' work performances by immediate supervisors. Following Delery and Doty (1996) and Tsui et al. (1997), this study conceptualized performance appraisal as the degree to which employees' perceived that the employing hotels have conducted formal performance evaluations and feedback systems for the purpose of employees' control and development. Konovsky and Cropanzano (1991) reported that perceptions of fair performance appraisal was significantly related to turnover intentions. Employee training and development refers to strategies, tools, and procedures aimed at improving the ability and capability of organizational members. Lam et al.'s (2002)

study on new hotel employees confirmed that commitment and turnover intentions were significantly related to training. They argued that if an employee does not understand how to perform his or her tasks effectively, frustration level will increase and that employee will often leave at the earliest opportunity. Career advancement reflects the use of organizational mechanisms in assisting employees to achieve their career goals. Following Delery and Doty (1996) and Burke et al. (1998), this study conceptualized career advancement as the degree to which employees perceived the hotel administrators have provided career planning programs to assist their members to achieve career goals. Brewer and Nauenberg (2003) and Chen et al. (2004) reported that dissatisfaction stemming from limited opportunities for promotion and career advancement significantly predicted employees' turnover intentions. Therefore, based from the above discussion, the following hypothesis is presented:

*H1: Employee development HRM practices (Performance Appraisal, Training and Development, Career Advancement) will be negatively related to turnover intentions.*

### ***The Effect of HRM Practices on Trust in Organization***

Trust has been defined in various ways. For example, trust is the willingness of one party to be vulnerable to another party and involves a degree of

uncertainty and risk (Mishra 1996; Mayer et al. 1995). Rousseau et al. (1998) defined trust as a psychological state comprising one's intention to accept vulnerability based upon positive expectations of the intentions or behavior of another. Mayer et al. (1995) added that this attitude is derived from the trustor's perceptions and attributions about the trustee's perceived trustworthiness of ability, benevolence, and integrity. Martins (2002) used words such as honesty and fairness to define similar constructs of ability and integrity as in Mayer et al.'s (1995) trust dimensions. On the other hand, Mishra (1996) used the termed competency, openness, concern for other's interest, and reliability to reflect aspects of trustee's trustworthiness. These dimensions additively and collectively contribute to the development of one's trust in organization. The structure of trust can be differentiated according to whether it is rooted in rationality (cognitive trust) or emotion (affective trust). According to McAllister (1995), cognitive trust is reflected in a belief or expectation that the trustee is reliable, has integrity, is predictable, will tell the truth, and will act in a fair or just manner. Alternatively, affective trust is more grounded in emotional context, such as friendship, caring, or genuine concern for the welfare of the other party. Researches have found a significant positive relationship between cognitive trust and work-related attitudes and behaviors such as commitment, job satisfaction, organizational citizenship behavior, and performance

(Dirks and Ferrin 2001; Podsakoff et al. 1990). Thus, this study will focus on trust as a cognitive psychological state, such as a belief or attitude of a trustor (employee) toward a trustee's (top management, hence organization) trustworthiness.

The extent to which employees believe that their employers are concern about their well-being has a significant impact on their work-related attitudes and behaviors. Wayne et al. (1997) argued that HRM practices imply the organization's concern and care for employees. Similarly, employees' perceptions of HRM practices that signal investment in employees' development have a positive relationship with trust in organization (Mayer and Davis 1999; Saks 1996; Whitener 2001). Employees who perceived that their organization's HRM practices are meant to take care of their well-being will experience greater trust in their top management and higher affective commitment (Whitener 2001), and are less likely to leave the organization (Allen et al. 2003). Accordingly, based on Blau's (1964) social exchange theory and Gouldner's (1960) theory of norm reciprocity, employees tend to exchange and reciprocate with positive attitudes such as higher trust and commitment in organization when their expectations and needs have been met by the organization. In this vein, Folger and Konovsky (1989), for example, found that employees who felt that their managers had conducted performance appraisals in a fair manner have higher trust in management. Dirks and

Ferrin's (2002) meta-analysis confirmed that the perception of fairness on organization's performance appraisal system explained additional and unique variance in employees' trust toward management. Similarly, Robinson and Rousseau (1994) postulated that organizations that provide career advancement opportunities enhanced the employability security of their employees and thus engendered trust in organization. Therefore, employees' perceptions of their organization's HRM practices would directly and positively influence their trust in organization. Hence, Hypothesis 2 is postulated:

*H2: Employee development HRM practices (Performance Appraisal, Training and Development, Career Advancement) will be positively related to trust in organization.*

### ***The Effect of Trust in Organization on Turnover Intentions***

Trust in organization has been reported to have a negative impact on turnover intentions. In other words, the higher employee's trust in organization, the less likely he or she will leave the organization. Schnake and Dumler (2000), for example, reported that trust in organization was negatively and significantly related to turnover intentions. A meta-analysis conducted by Dirks and Ferrin (2001) showed that trust acts as a significant predictor of an individual's intent to

quit. A recent finding by Connell et al. (2003) indicates that employees' turnover intentions were significantly reduced when employees had more trust in their top management. Bijlsma and Koopman's (2003) meta-analysis also confirmed that a trustful relationship between workers and their employing organization led to an increase in one's loyalty and a decrease in one's intention to leave the organization. This line of thought is consistent with the Theory of Reasoned Action (Fishbein and Ajzen 1975) who has postulated that attitude is consistently related to behavioral intention. Accordingly, the following hypothesis is formulated:

*H3: Trust in organization will be negatively related to turnover intentions.*

### ***Trust in Organization as a Mediator of the HRM Practices—Turnover Intentions Relationship***

Trust in organization has also been empirically reported as an important intervening variable impacting from one's beliefs to behavioral intentions or outcomes. Brashear et al. (2005) reported that trust was a key mediating variable between employees' perception of organizational justice and turnover intentions. Similarly, Wong et al. (2002) ascertained that trust in supervisor significantly mediates the relationship between perception of organizational justice and organizational citizenship behavior (OCB). This line of thought concurred with social ex-

change (Blau 1964) and Gouldner (1960) norm of reciprocity theories. According to Robinson and Rousseau (1994), trust is the essence of social exchange and as trust develops the extent of exchange increases. Within this context, HRM practices send powerful signals to employees about the extent to which the organization trusts them, and if organizations fail to deliver on contractual or other promises, employees' sense of indebtedness or mutual obligations will be reduced (Williams 2003). Thus, Williams (2003) argued and empirically confirmed that trust mediated the relationship between employees' perception of their organization's HRM practices and outcomes such as performance or turnover. Accordingly, Hypothesis 4 is presented:

*H4: Trust in organization mediates the relationship between employee development HRM practices (Performance Appraisal, Training and Development, Career Advancement) and turnover intentions.*

## Methodology

### Subjects

Participants in this study consisted of operational employees attached to twenty two large hotels located in the state of Selangor, Kuala Lumpur, and Penang, Malaysia. A total of 628 questionnaires were distributed to the respondents with the help of the hotels' human resource managers. The "drop-off" and "pick-up" method was em-

ployed. Respondents were given two weeks to answer the questionnaires. In all, 380 usable questionnaires were returned and analyzed, representing a response rate of 60.5 percent.

### Measures

Questions regarding performance appraisal systems were measured using an eight-item measurement adopted from Delery and Doty (1996) and Tsui et al. (1997). The items measure employees' perceptions of the formal appraisal system implemented by their hotels. Specifically, items in the performance appraisal scale tapped employees' perception on formal feedback system, evaluation criteria, and appraisal methods practiced by their hotels. Employees' perception on their hotel's formal training programs was assessed using a six-item measurement adapted from Delery and Doty (1996). These items asked respondents' perceptions on the existence and availability of formal training programs, effectiveness of training programs, policy of training programs, and the needs of training programs. Employees' perception on career advancement was measured using an eleven-item measurement adapted from Delery and Doty (1996) and Burke et al. (1998). The items sought employees' judgment pertaining to career paths, career aspirations, internal promotions, and promotional criteria provided by their hotels. A seven-item measurement taken from Mishra (1996) and Mayer and Davis (1999) was used to measure trust in organization. The questions



measure employees' feeling of trust in top management (representing organization) in terms of keeping promises, openness, competence, fair treatment, consistency, care, and honesty. Finally, turnover intentions were measured using an index comprising of 5 items taken from Hom and Griffeth (1991) and Wayne et al. (1997). All the measures were rated on a 7-point Likert scale, ranging from 1 = *strongly disagree* to 7 = *strongly agree*.

Given that age, gender, marital status, education, and organizational tenure may influence turnover intentions and trust in organization as noted by previous scholars (for example, Bluedorn 1982; Ghiselli et al. 2001; Tepeci and Bartlett 2002), these variables were controlled in the statistical analyses.

### **Data Analysis**

Principal component factor analyses were initially undertaken to verify the internal validity of the measures. Next, descriptive statistics such as means, standard deviations, reliability, and intercorrelations were computed. Hypotheses were tested using hierarchical multiple regression (Cohen and Cohen 1975). Control variables were entered in the first step, followed by the model variables. To test for mediation, the procedures as suggested by Baron and Kenny (1986) and Kenny (2003) were followed.

### **Profile of Respondents**

Gender distribution of the respondents was slightly higher for males

(57.1%). A majority of the respondents (61.1%) were unmarried. In terms of ethnicity, Malays constitute almost 70 percent of the sample. Regarding education, 70 percent of the respondents possessed *STPM* or lower qualifications. This relatively low education level is consistent with the entry qualification for non-supervisory employees. In terms of organizational tenure, 31.8 percent of the respondents have been with the hotel for more than 5 years. The respondents were almost equally represented in terms of their work departments: Front Office (23.2%), Food Production (24.7%), Housekeeping (27.1%), and Food and Beverage Service (25%). Finally, the sample can be considered relatively young (mean = 28.1 years, SD = 7.09 years).

### **Factor Analyses of Study Variables**

A principal component factor analysis with varimax rotation was conducted to validate the underlying structure of HRM practices. In interpreting the factors, only a loading of 0.50 or greater on one factor and 0.35 or lower on the other factors are considered (Igbaria et al. 1995). Results of the varimax rotated analysis of HRM practices indicated the existence of three significant factors as originally conceptualized with eigenvalues greater than one explaining 56.19 percent of the variance. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy value for the items was 0.90 indicating sufficient inter-corre-

lations while the Bartlett's Test of Sphericity was also found to be significant (Chi square = 3789.25,  $p < .001$ ). These factors were named performance appraisal (7 items), career advancement (4 items), and training and development (4 items) respectively. Similarly, another factor analysis was undertaken to examine the dimensionality of the mediating variable (trust in organization). A single factor solution was obtained explaining 59.80 percent of the variance. The KMO measure of sampling adequacy was 0.90 indicating sufficient intercorrelations, while the Bartlett's Test of Sphericity was significant (Chi square = 1179.04,  $p < .01$ ). Finally, another factor analysis was carried out to confirm the dimensionality of turnover intentions. A one-factor solution was revealed explaining 63.70 percent of the variance in turnover intentions. The KMO measure of sampling adequacy was .835 indicating sufficient intercorrelations, while the Bartlett's Test of Sphericity was significant (Chi square = 842.10,  $p < .01$ ).

Before proceeding with further analysis, the data was submitted to the

Harmon one-factor test (Podsakoff and Organ 1986). This test was conducted to identify whether common method variance (CMV) posed a potential threat to the results of this study since all the data in this study were collected from the same individuals, at the same time, and using the same method. CMV exists when there is only one factor or the first factor explains majority of the variance (Hair et al. 1998; Podsakoff and Organ 1986). The results of the exploratory factor analysis for HRM practices produced multiple factors with eigenvalues equal to or greater than one, and the first factor explained only 29.94 percent of the variance. Thus, the Harmon one-factor test indicates that CMV was not a serious problem in this study.

### ***Means, Standard Deviations, Correlations, and Reliability Coefficients of Study Variables***

Table 1 indicates the means, standard deviations, reliability coefficients, and inter-correlations of the study variables. As shown in Table 1, the mean value for each of the three dimensions

**Table 1. Means, Standard Deviations, Reliability Coefficients, and Intercorrelations of the Study Variables**

Variables	Mean	SD	1	2	3	4	5
1. Performance Appraisal	4.83	0.99	(0.83)				
2. Training and Development	4.73	1.24	.59**	(0.64)			
3. Career Advancement	4.59	1.17	.51**	.54**	(0.77)		
4. Trust in Organization	4.59	1.13	.49**	.55**	.62**	(0.88)	
5. Turnover Intentions	3.87	1.38	-.30**	-.48**	-.40**	-.50**	(0.86)

*Note:*  $N = 380$ ; \* $p < .05$ , \*\* $p < .01$ ; Cronbach's alpha for each measure is in parentheses.

of HRM practices as well as trust in organization were slightly on the high side ranging from 4.59 to 4.83. The standard deviations for these variables ranged from 0.99 to 1.24. Turnover intentions for the sample were considered moderate with a mean score of 3.87. In terms of the correlation coefficients, HRM practices had significant positive correlations with trust in organization. Similarly, HRM practices and trust in organization had significant negative correlations with turnover intentions. All the reliability coefficients for the measures were acceptable since they exceeded the minimum recommended level of 0.60 (Sekaran 2000).

### ***Hypotheses Testing***

To test for H1, HRM practices were regressed on to turnover intentions. Table 2 presents the regression results of this analysis. As can be seen from Table 2, the five control variables managed to explain 2.3 percent of the variance in turnover intentions (Model 1). However, a closer scrutiny reveals that the model is not significant ( $F$ -change = 1.780,  $p > .05$ ), and none of the demographic variables made any significant contribution towards the variance in turnover intentions. In the second step, the model variables were able to explain an additional 15.0 percent ( $R^2$  change = .150,

**Table 2. Regression Results on the Impact of HRM Practices on Turnover Intentions**

Predictors	Model 1 Std. $\beta$	Model 2 Std. $\beta$
<b><i>Step 1: Control Variables</i></b>		
Gender <sup>a</sup>	.014	-.002
Age	-.139	-.120
Marital Status <sup>b</sup>	.016	.018
Education	-.001	.001
Organizational Tenure	-.032	-.024
<b><i>Step 2: HRM Practices</i></b>		
Performance Appraisal		-.106
Training and Development		-.106
Career Advancement		-.247 **
$R^2$	.023	.173
Adj. $R^2$	.010	.155
$R^2$ Change	.023	.150
$F$ -Change	1.780	22.378 **

**Note.**  $N = 379$ ; \* $p < .05$ , \*\* $p < .01$ ; Dummy Coded, <sup>a</sup>male = 0, female = 1; <sup>b</sup>single = 0, married = 1.

$F$ -change = 22.378,  $p < .01$ ) of the variation in turnover intentions. Of the three HRM practices, only career advancement ( $\beta = -.247$ ,  $p < .01$ ) has significant negative relationship with turnover intentions. Hence, Hypothesis 1 is partially supported.

To test for H2, HRM practices were regressed on to trust in organization. Table 3 depicts the regression results of this analysis. From Table 3, the five control variables did not made any significant contribution towards the variance in trust in organization (Model 1). When HRM practices were entered in the second step, the model variables were able to explain an additional 50.7 percent ( $R^2$  change = .507,  $F$ -change = 126.552,  $p < .01$ ) of the observed variations in trust in organi-

zation. All the employee development HRM practices were found to have significant and positive relationships with trust in organization. Career advancement was found to have the strongest positive impact on trust in organization ( $\beta = .456$ ,  $p < .01$ ), followed by training and development ( $\beta = .244$ ,  $p < .01$ ), and performance appraisal ( $\beta = .135$ ,  $p < .01$ ) respectively. Thus, hypothesis 2 is fully supported.

To test for the effect of trust on turnover intentions (hypothesis 3) and the mediation effects of trust in organization on the relationship between HRM practices and turnover intentions (hypothesis 4), a four-step procedure suggested by Baron and Kenny (1986) and Kenny (2003) was undertaken. Table 4 provides the summary

Table 3. **Regression Results on the Impact of HRM Practices on Trust in Organization**

Predictors	Model 1 Std. $\beta$	Model 2 Std. $\beta$
<b>Step 1: Control Variables</b>		
Gender <sup>a</sup>	-.062	-.019
Age	.026	-.002
Marital Status <sup>b</sup>	-.028	-.040
Education	.023	.026
Organizational Tenure	.023	.008
<b>Step 2: HRM Practices</b>		
Performance Appraisal		.135 **
Training and Development		.244 **
Career Advancement		.456 **
$R^2$	.005	.512
Adj. $R^2$	-.008	.501
$R^2$ Change	.005	.507
$F$ -Change	.318	126.552 **

Note.  $N = 375$ ; \* $p < .05$ , \*\* $p < .01$ ; Dummy Coded, <sup>a</sup>male = 0, female = 1; <sup>b</sup>single = 0, married = 1.

Table 4. Summary of Results: Impact of Mediated Regression

Predictors Variables	Criterion Variable		
	Trust in Organization Std. $\beta$	Turnover Intentions Std. $\beta$	Turnover Intentions Std. $\beta$
<b>Step 1: Control Variables</b>			
Gender <sup>a</sup>	-.019	-.002	-.008
Age	-.002	-.120	-.142 *
Marital <sup>b</sup>	-.040	.018	.024
Education	.026	.001	-.014
Organizational Tenure	.008	-.024	-.012
<b>Step 2: Model Variables</b>			
Performance Appraisal	.135 **	-.106	-.030
Training and Development	.244 **	-.106	.008
Career Advancement	.456 **	-.247 **	-.053
<b>Step 3: Mediator</b>			
Trust in Organization			-.477 **
$R^2$	.512	.173	.295
Adj. $R^2$	.501	.155	.278
$R^2$ Change	.507	.150	.272
$F$ Change	126.552 **	22.378 **	35.496 **

Note:  $N = 378$ ; \* $p < .05$ , \*\* $p < .01$ ; Dummy Coded, <sup>a</sup>male = 0, female = 1; <sup>b</sup>single = 0, married = 1.

of the regression analyses to ascertain the mediation effects of trust in organization on the relationship between HRM practices and turnover intentions.

As observed from Table 4, trust in organization ( $\beta = -.477$ ,  $F$  change = 35.496,  $p < .01$ ) was found to have a significant and negative relationship with turnover intentions (Model 3), thereby, providing full support for hypothesis 3. Of the three HRM practices, only career advancement was

able to meet the conditions for mediation as suggested by Baron and Kenny (1986) and Kenny (2003). The effect of career advancement on turnover intentions ( $\beta = -.247$ ,  $p < .01$ ) became insignificant ( $\beta = -.053$ ,  $p > .05$ ) in the presence of trust in organization, thereby, implying full mediation. In other words, career advancement has only an indirect effect on turnover intentions via trust in organization. Thus, Hypothesis 4 is partially supported.

## Discussion

The statistical results obtained in this study showed that hotel employees' perception of HRM practices, particularly those relating to career advancement, training and development, and performance appraisal had significant and positive effects on their trust in organization. The predicted influence of employees' perceptions of their organizations' HRM practices on their feeling of trust in organization supports the empirical evidence from previous studies (Lam et al. 2002; Mayer and Davis 1999; Robinson and Rousseau 1994; Whitener 2001). On career advancement, the findings from this study showed that if the hotel employees perceived better prospects of internal promotion, objective promotional criteria, and availability of career advancement within their organizations, they tend to experience greater trust in their organizations. Similarly, employees' higher perceptions on the availability and effectiveness of formal training programs, and a clear policy on training programs adopted by their hotel administrators would lead them to experience a higher sense of trust in their organizations. Higher perceptions of fair and objective performance measures would also influence the employees to exhibit greater trust in the organization.

Subsequently, trust in organization was found to have a significant and negative influence on turnover intentions. This findings is in tandem with those of previous researchers

(Connell et al. 2003; Delaney and Huselid 1996; Delery and Dotty 1996; Dirks and Ferrin 2001; Lam et al. 2002). When employees have faith in their organization, they are likely to remain loyal and committed, resulting in lower turnover intentions. In social exchange (Blau 1964) and the norm of reciprocity (Gouldner 1960), positive perceptions of the organization's HRM practices are bound to create an obligation for employees to reciprocate by displaying greater trust in their employing organization, which in turn resulted in lower turnover intentions.

The findings also highlight the importance of employees' trust in organization as the key mediating role between perceptions of HRM practices and turnover intentions. Results of this study found that trust in organization fully mediated the relationship between career advancement and turnover intentions. This implied that career advancement has an indirect and direct effect on turnover intentions. The indirect effect is through trust in organization. This findings show that a higher level of trust in organization will be experienced only when employees have higher levels of perceived career advancement in the organization and this in turn, would make them less inclined to leave the organization. The result of this study concurs with a recent finding by Brashear et al., (2005) on salespersons' turnover behavior. Their study reported that trust was a key mediating variable between perceptions of organizational justice and turnover intentions. The impact of

employees' perceptions of their organization's performance appraisal and training and development on turnover intentions were not mediated by trust in organization. The lack of a significant mediating relationship of trust in organization between performance appraisals, training and development, and turnover intentions may be explained by the lack of interpersonal relationship between the operational employees and the top management and the respondents' short organizational tenure. Operational employees in this study may not have a close interpersonal relationship with their top management since their job descriptions are more on performing operational tasks which require high customer contact and less supervision from the managers (Dittmer 2002). McAllister (1995) contended that a trusting relationship develops through years of interpersonal relationship between the two parties. In this study, the employees (appraisees) may not have high faith and confidence that their top managers (appraisors) will be fair and objective in their performance evaluations because of weak interpersonal relationships. In addition, organizational tenure for majority of the respondents in this study was considered short and at the early stage of their employment since nearly 67.0 percent of the respondents had organizational tenure less than three years. At this early stage of employment, respondents may not yet experienced extensive training and development programs within their employing organi-

zations, thus perceptions of the availability of training and development may not have significant influence on turnover intentions.

### **Implications and Limitations**

The findings from this study also have practical application for hotels. Given that employees are more willing to trust their organization when they perceive that the HRM practices of the organization are able to take care of their job or career development needs, fostering a supportive HRM practices designed for employee development would be beneficial. The availability and extensiveness of training and development programs convey the message to employees that they are being valued, supported, and cared for by the organization. Hence, it would be worthwhile for hotel authorities to provide ample training programs on an ongoing basis to the operational employees. Similarly, it is also essential for hotels to provide clear career paths for their employees. A written job progression showing the opportunities for career advancement within the hotel for each employee would be useful. A written career path may indicates to employees that promotions within the hotel are objectively spelt out and as an assurance that all employees have equal chances of moving up the career ladder as far as their abilities permitted. In addition, hotels need to train their managers in order to be able to accurately evaluate the job performance of their subordinates. This is

because effective performance management activities reinforce employees' sense of fair play and consistency, leading to increased trust in organization.

Two limitations were identified. *First*, the HRM practices investigated in this study were limited in scope. Only HRM practices pertaining to employee development initiatives were investigated. Other HRM practices pertaining to employee well-being such as orientation program, compensation system, job security, safety and health, and employee relations may play a role in shaping employees' attitudes. Future researchers may need to widen the scope of investigation by incorporating these HRM practices. *Second*, given that trust is the basis for social exchange (Blau 1964), the possibility of reciprocal causation should be acknowledged. It is possible that the level of trust in organization experienced by employees may also influence their judgments about HRM practices. Therefore, future studies may want to utilize other analytical methods such as Structural Equation Modeling (SEM) to determine the reciprocal relationships among the study variables.

## Conclusion

The two objectives of this study were: (1) to investigate the influence of human development in HRM practices on trust in organization and on turnover intentions, and (2) to examine whether trust in organization serves

to mediate the relationship between perceptions of HRM practices and turnover intentions. The results of this study generally support the hypotheses forwarded concerning the relationship between HRM practices, trust in organization, and turnover intentions. Thus, it can be concluded from this study that when employees perceive that their organizations show greater concern for their personal growth and welfare via the provision of adequate and continuous training and development, fair and formal performance appraisal and feedback system, and adequate career advancement opportunities, they will experience a positive emotional state (trust in organization).

This study adds further knowledge on the importance of HRM practices as predictors of turnover intentions. This study also provides evidence to the importance of trust in organization as intervening variable between the predictor variables and turnover intentions. By demonstrating the existence of significant direct and indirect effects of HRM practices, trust in organization, and turnover intentions, this study provides clear evidence that HRM practices are important in fostering employees' positive attitudes. Additionally, this study also concurred with Blau's (1964) social exchange theory. In other word, this study has empirically supported Blau's (1964) social exchange theory which posited that employees tend to reciprocate with positive attitudes such as



having a higher trust in organization and having a willingness to stay longer with the organization when their expectations and needs are met by their organizations.

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